

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 USIA-15 /036 W
-----251208Z 100466 /11

R 251044Z MAR 77
FM AMEMBASSY STOCKHOLM
TO USDOC WASHDC
INFO SECSTATE WASHDC 0141
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMCONSUL GOTEBOG UNN

UNCLAS SECTION 1 OF 2 STOCKHOLM 1312

FOR: BIC/OIM: TRAFTON

E.O. 11652: N/A
TAGS: BEXP, SW
SUBJECT: MARCH HOTEL & RESTAURANT, FRANCHISING SHOW
PRELIMINARY REPORT

REF: STOCKHOLM 1140

1. HOTEL & RESTAURANT EQUIPMENT/FRANCHISING USA. NOTE:
SALES AND REPRESENTATION RESULTS IN THIS REPORT ARE BASED ON
45 OF THE 55 EXHIBITORS. THE DIRECTOR OF MARKETING OF IMS,
WHICH REPRESENTED 10 FIRMS IN THE EXHIBITION, REFUSED TO
PROVIDE PARTICIPANT'S REPORTS AT SHOW END SAYING NEED TO ANALYZE
RESULTS REQUIRED TIME WHICH HE COULD NOT SPARE BECAUSE OF
HOT LEADS THAT HE WANTED TO FOLLOW-UP IMMEDIATELY IN
SWEDEN, FINLAND AND DENMARK. HE PROMISED TO SEND US REPORTS
ASAP.

2. US TRADE CENTER FOR SCANDINAVIA, STOCKHOLM, MARCH 14-17,
1977.

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3. FIFTYFIVE EXHIBITORS (1-NTE, 22-NTM, 32-05.); 26 PARTICIPANTS
(14-NTM, 12-OTM). NOTE: KOLD-DRAFT WAS NTM, AND SWENSEN'S
WAS NTE.

4. ACTUAL SALES DURING SHOW: \$53,854; SALES EXPECTED NEXT
12 MOS: \$3,036,935.

5. ACTUAL SALES NTM: \$9,215; OTM: \$44,639
PROJECTED SALES NTM: \$1,888,315; OTM: \$1,148,620.

6. THIRTYTWO EXHIBITORS SOUGHT REPRESENTATION.

7. THREE EXHIBITORS APPOINTED 3 REPRESENTATIVES DURING SHOW.

8. THIRTEEN EXHIBITORS EXPECT TO APPOINT ADDITIONAL 44
REPRESENTATIVES IN NEXT 12 MOS. (27 AGENT/DISTR.; 17 LICENSEE/
JOINT VENTURES).

9. REGISTERED VISITORS: 1,085.

10. SUCCESS STORIES:

(A) NTM POLAR CHIPS INT'L, DANIA, FLORIDA, INTRODUCED THEIR
SANITARY ICE MAKING EQUIPMENT TO SCANDINAVIA AND SUPPORTED
THEIR EXHIBIT BY ARRANGING A TECHNICAL PRESENTATION IN THE
TRADE CENTER SEMINAR ROOM DURING THE SHOW ON THE "NEED FOR
IODINE DISINFECTION OF WATER AND ICE SUPPLIES - RURAL AND CITY"
BY R D POLLEY, PRESIDENT OF IODION CORP. DURING THE SHOW,
POLAR CHIPS EXECUTIVES ENTERED NEGOTIATIONS WITH SEVEN SCANDINAVIAN
FIRMS FOR REPRESENTATION AGREEMENTS. THEY APPOINTED A
SWEDISH DISTRIBUTOR DURING THE SHOW AND EXPECT TO APPOINT SIX
ADDITIONAL DISTRIBUTORS IN THE NEXT 12 MONTHS: TWO IN DENMARK,
TWO IN FINLAND, AND TWO IN NORWAY. THEY SOLD \$3,000 WORTH OF
EQUIPMENT OFF THE FLOOR DURING THE SHOW AND EXPECT AN ADDITIONAL
\$1,330,000 IN FIRST YEAR SALES TO RESULT FROM THE LEADS OBTAINED
AT THE EXHIBITION. MR WALTER J KELLIN, CHAIRMAN OF THE BOARD,
COMMENTED "THE COOPERATION OF THE DEPT OF COMMERCE AND THEIR
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STAFF WAS OF GREAT IMPORTANCE IN ACHIEVING OUR SUCCESS. OUR
DEEPEST THANKS TO EACH INDIVIDUAL INVOLVED". CLEARED FOR
PUBLICATION.

(B) NTE SWENSEN'S ICE CREAM CO., SAN FRANCISCO, CA, MADE THEIR
FIRST ATTEMPT TO FIND FRANCHISE LICENSEES OUTSIDE THE UNITED
STATES AT THIS SHOW FOR SWENSEN'S RETAIL ICE CREAM SHOPS. OF
THE 12 SUITABLE PROSPECTS THEY ENCOUNTERED AT THE SHOW,
SWENSEN'S EXPECTS TO APPOINT TWO LICENSEES, ONE IN SWEDEN
AND ANOTHER IN NORWAY, AND THEY EXPECT TO REALIZE \$50,000 IN
FRANCHISING FEES DURING THE YEAR FOLLOWING THE SHOW. GORDON
S RIESS, DIRECTOR OF INT'L LICENSING, GAVE A PRESENTATION ON
THE "SWENSEN'S ICE CREAM FACTORY FRANCHISING CONCEPT" IN THE
TRADE CENTER SEMINAR ROOM DURING THE SHOW. MR RIESS COMMENTED
"VERY WELL ORGANIZED. TRADE CENTER STAFF EXTREMELY HELPFUL AND
EFFECTIVE AT DEVELOPING LEADS. ALTHOUGH NO LICENSE AGREEMENT
WAS ACTUALLY SIGNED, WE DID NOT EXPECT TO FINALIZE A DEAL AT
THIS TIME". CLEARED FOR PUBLICATION.

(C) NTM COUNTRY STYLE DONUTS, INC., BUFFALO, NY, EXPECTS TO APPOINT A LICENSEE IN SWEDEN TO OPEN RETAIL DONUT SHOPS AND EXPECTS TO REALIZE \$100,000 IN FRANCHISING FEES DURING THE FIRST YEAR FOLLOWING THE SHOW. MR A C WATSON, VICE PRESIDENT, COMMENTED "I FELT THAT THE WHOLE SHOW WAS OPERATED IN A FIRST CLASS FASHION; ALL STAFF VERY HELPFUL*..." CLEARED FOR PUBLICATIONS.

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TO USDOC WASHDC
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AMEMBASSY HELSINKI
AMEMBASSY OSLO
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FOR: BIC/OIM: TRAFTON

11. OVER A THOUSAND TRADE VISITORS REGISTERED AT THE TRADE CENTER DURING THE FOUR-DAY SHOW. EXHIBITORS TOLD US THAT THEY SAW THE TOP PEOPLE IN THE HOTEL AND RESTAURANT FIELD IN SWEDEN AS WELL AS KEY PEOPLE FROM DENMARK, FINLAND AND NORWAY. THE SIX FRANCHISING FIRMS WERE PARTICULARLY SUCCESSFUL IN MEETING PROSPECTS WHO HAD THE REQUISITE COMBINATION OF FINANCING AND BUSINESS SKILLS AND EXPECT TO GIVE FRANCHISES TO 20 FIRMS (16 LICENSEES, 1 JOINT ENTURE PARTNER AND 3 REPRESENTATIVES), 13 IN SWEDEN, THREE IN FINLAND, AND TWO EACH IN DENMARK AND NORWAY. THREE EQUIPMENT MANUFACTURERS APPOINTED A SWEDISH REPRESENTATIVE DURING THE SHOW (ONE AGENT AND TWO DISTRIBUTORS), AND SEVEN EXHIBITORS EXPECT TO APPOINT 23 AGENTS AND DISTRIBUTORS FOR THEIR PRODUCT LINES, 11 IN SWEDEN, 5 IN FINLAND, AND 4 EACH IN DENMARK AND NORWAY. IMMEDIATE AND PROJECTED SALES RESULTS WERE QUITE SATISFACTORY GIVEN THE FACT THAT MOST OF THE PRODUCTS DISPLAYED HAVE A MUCH LOWER UNIT VALUE THAN THOSE PROMOTED IN THE TYPICAL INDUSTRIAL EQUIPMENT SHOW AND THAT FIRST-YEAR

FRANCHISING FEES WILL BE ONLY A MODEST BEGINNING TO THE LONG-TERM
REMITTANCES EXPECTED FROM GROWING CHAINS OF FRANCHISED SHOPS
AND SERVICE UNITS. IN ADDITION, THE FRANCHISING FIRMS INDICATED
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THAT MANY AMERICAN EQUIPMENT MANUFACTURERS THAT DID NOT PARTICIPATE
IN THE SHOW WOULD BENEFIT SUBSTANTIALLY FROM THE PURCHASE OF
FRANCHISE-SPECIFIED EQUIPMENT THOUGH NO ATTEMPT WAS MADE TO ARRIVE
AT A SALES PROJECTION IN THAT REGARD. THE AMBASSADOR OPENED THE
VIP RECEPTION MARCH 14 AND VISITED EACH STAND TO WELCOME EXHIBITORS
WITH THE DIRECTORS OF THE SWEDISH INSTITUTE FOR FOOD SERVICE AND
THE SWEDISH HOTEL & RESTAURANT ASSOCIATION WHO WERE GUESTS OF HONOR.
A SECOND RECEPTION WAS HELD MARCH 15 FOR MEMBERS OF THE STOCKHOLM
HOTEL AND RESTAURANT ASSOCIATION. ON MARCH 16, THE SHOW WAS OPEN
TILL 8 P.M. THE FOUR SEMINARS HELD MONDAY THROUGH THURSDAY DREW AS
MANY AS 110 ATTENDEES, A STANDING-ROOM-ONLY CROWD OF KEY PROSPECTS.
FIVE TECHNICAL PRESENTATIONS WERE MADE BY EXHIBITORS. A SPECIAL
TWO-DAY SEMINAR ORGANIZED AT THE TRADE CENTER MARCH 14 AND 15 BY
THE MARKET PROMOTION CONTRACTOR, FEATURED PROFESSOR VANCE A.
CHRISTIAN OF CORNELL UNIVERSITY'S SCHOOL OF HOTEL ADMINISTRATION
AND DREW 20 TOP LEVEL PARTICIPANTS WHO PAID A FEE TO ATTEND.

12. EIGHTY VISITORS (7.4 PERCENT OF TOTAL) CAME FROM OTHER
NORDIC COUNTRIES (15 FROM DENMARK, 50 FROM FINLAND AND 15 FROM
NORWAY). EXCEPT THAT NO REPRESENTATION AGREEMENTS WERE
COMPLETED AND SIGNED DURING THE SHOW WITH PROSPECTS FROM OUTSIDE
SWEDEN, THESE VISITORS ACCOUNTED FOR A DISPROPORTIONATE SHARE OF
SHOW ACCOMPLISHMENTS: 7.8 PERCENT OF SALES LEADS (65 FROM DENMARK,
89 FROM FINLAND, 78 FROM NORWAY), 28 PERCENT OF IMMEDIATE SALES
(\$14,000 TO FINLAND, \$1,000 TO NORWAY), 34 PERCENT OF SALES
PROJECTIONS (\$343,200 TO DENMARK, \$328,700 TO FINLAND AND
\$353,550 TO NORWAY). 36 PERCENT OF REPRESENTATION
LEADS (9 FROM DENMARK, 7 FROM FINLAND, 22 FROM NORWAY),
43 PERCENT OF ADDITIONAL REPRESENTATION APPOINTMENTS UNDER
NEGOTIATION (6 FROM DENMARK, 6 FROM FINLAND, 7 FROM NORWAY).
SENIOR COMMERCIAL SPECIALIST FROM AMEMBASSY HELSINKI
VISITED SHOW AND ASSISTED EXHIBITORS.
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Message Attributes

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